



STATES & FEDS TEAM UP TO IMPROVE COMPLIANCE WITH TAX LAWS

The Arizona Department of Economic Security (DES) has joined 28 other state workforce agencies in partnership with the Internal Revenue Service to leverage resources for more effective identification and investigation of employers using Questionable Employment Tax Practices (QETP), which are schemes or tax practices engaged in by some employers to evade federal and state employment taxes, thereby burdening honest taxpaying employers with extra costs.

The U.S. Department of Labor, National Association of State Workforce Agencies and Federation of Tax Administrators worked closely with the states and the IRS to develop and support the QETP agreement. It provides, for the first time, a centralized and uniform mechanism for IRS and state employment/unemployment tax data exchanges. It also fosters joint working relationships and empowers a multi-agency oversight group to establish uniform processes.

This joint initiative is aimed at improving compliance with federal and state employment tax requirements, reducing fraudulent filings, uncovering tax evasion schemes, ensuring proper worker classification, and increasing the collection of employment tax debts. The ultimate goal is to decrease state and federal tax gaps and level the playing field for businesses by ensuring that everyone pays their proper share of employment/unemployment taxes.

USE OF NON-DES GENERATED QUARTERLY REPORT FORMS MAY RESULT IN PENALTY

Each quarter DES receives a huge volume of non-DES-generated tax and wage report forms submitted by employers and their report preparers. Thousands of these forms have improperly formatted or no barcodes and/or other identifying information that is missing, incorrect or illegible, thereby increasing processing time and errors.

By law, reporting forms must conform to DES requirements, one of which is having a barcode formatted to DES specifications printed on the form. The correct UI tax employer account number and calendar quarter being reported are contained in the barcode printed on the UC-018 forms DES mails to employers each quarter.

It is employers' responsibility to provide these forms, as well as copies of their Determination of Unemployment Insurance Liability and annual tax rate notice issued by DES, to their report preparers so that their taxes can be calculated correctly and their reports can be processed by DES quickly and accurately. (Continued on reverse at top of left column.)

INTERNET REPORTING IS FAST & EASY!

**FILING YOUR QUARTERLY REPORTS ONLINE
SAVES TIME & POSTAGE
HELPS PREVENT LATE FILING PENALTIES
ENSURES ACCURATE REPORTING**

From your personal computer, 24 hours a day, 7 days a week, you may conveniently, quickly, and securely file your Unemployment Tax and Wage Reports (UC-018), pay your quarterly tax, and inform us of address and other changes to your business.

To **QUALIFY**, your business must be registered with the Arizona Department of Economic Security and have an active UI account as a Rated or Reimbursable employer.

To **LOG IN**, go to **www.azui.com** and select the link for Tax and Wage Reporting. Then enter your 8-digit Arizona UI employer account number and assigned password (both are displayed on the preprinted Unemployment Tax and Wage Report, form UC-018, we mail you each quarter). If you need password assistance, contact the Help Desk at (602) 542-2460.

You may **FILE A ZERO-WAGE REPORT** indicating your business had no employees and paid no wages, **OR FILE A REPORT OF WAGES PAID** to as few as one or as many as 999 employees. You may input employee and wage information either manually or by uploading it in a pre-formatted file (complete instructions for formatting are available on the website). If you file all of a calendar year's reports online, the system will calculate your taxable and excess wages and tax due for you, accurately and automatically.

Once you are logged in, **FOLLOW THE STEP-BY-STEP INSTRUCTIONS** to input your wage data; print a copy of the report for your records; use the Electronic Funds Transfer (EFT) function to pay electronically and print the payment confirmation; and submit your report directly to the Department via the Internet.

You will receive immediate **CONFIRMATION** that your report has been filed. Wage reports submitted online by noon will be on your account by the next business day.

Employers who persist in submitting report forms that do not conform to DES requirements risk being penalized an amount equal to one-tenth of one percent (0.10%) of the total wages paid in the quarter (\$35 minimum, \$200 maximum) for each such report submitted. If you are not receiving a DES-generated UC-018 for your account every quarter, contact the Employer Accounting Unit (see directory at right). Note also that paper reports must be mailed rather than faxed, as the degraded print quality of faxed barcodes renders them unreadable by our scanners.

Or better yet, file your reports and pay your taxes more conveniently via the Internet! See the front page sidebar for more information. For the time being, TWS filers still need to receive quarterly UC-018 report forms from DES, because each user's password for the system is printed on the UC-018 and changes every quarter for security reasons. However, TWS filers DO NOT file the paper form. DES is investigating alternatives to this password procedure to find one that will be more convenient for TWS filers and less expensive for DES while maintaining security requirements.

VOLUNTARY PAYMENT TO LOWER TAX RATE

Have you ever considered making a "voluntary payment" to reduce your unemployment tax rate for next year? Although Arizona's schedule of unemployment tax rates remains one of the lowest in the nation (2007's average tax rate is 1.52% of the first \$7,000.00 paid to each employee in a calendar year) you may be able to lower your rate even further. Early in January you will receive a tax rate notice that shows the data based on your employment experience that is used to compute your rate for the year. It also explains how much you can pay "voluntarily" to reduce your rate. Sometimes paying only a few dollars may put you in the next lower tax bracket, which may save you hundreds or thousands of dollars in taxes, depending on the size of your payroll.

When your rate notice arrives, read it promptly and carefully and follow the instructions on the reverse of the notice to determine whether making a voluntary payment would be beneficial. If you need help in evaluating whether a voluntary payment could save you money, please call the Experience Rating Unit at (602) 771-6603.

KEEPING DES INFORMED IS TO YOUR BENEFIT

It is important to notify DES of address and other changes to your business promptly. Many notices DES mails to you concern matters that effect or may affect your tax rate, and to dispute notices you disagree with, you must appeal within the time limits imposed by law, which are printed on the notices. An appeal deadline missed as the result of not promptly notifying DES of an address change can result in the appeal being denied as untimely.

Other changes that affect your UI tax account, such as business name change; change of your business's legal form (for example, from sole proprietorship to corporation); buying, selling or leasing all or part of an existing business; bankruptcy; receivership; or discontinuing your business, must also be reported to DES promptly, preferably in writing. (Continued at top of right column.)

The Report of Changes form DES mails employers along with their quarterly UC-018 forms is formatted to make reporting changes fast, easy, and clear. You may also go to the DES web site at www.azui.com and select the UI Tax Forms link to print a copy of the form, or complete the form online at the same time you file your quarterly report online, by selecting the Online Tax and Wage Reporting and Report of Changes link. For additional help with changes, call the Employer Registration/Status Unit (see directory below).

UI Tax Office Mailing & Physical Addresses:

PO Box 6028, Phoenix, AZ 85005-6028
4000 N. Central Ave., Ste. 500, Phoenix, AZ 85012

Employer Accounting Unit: 602-771-6601
Fax: 602-532-5562
uit.accounting@azdes.gov
 Unemployment Tax and Wage Report (Form UC-018)

Employer Registration/Status Unit: 602-771-6602
Fax: 602-532-5539
uit.status@azdes.gov

Registration of new employers or acquisition of existing businesses (Form JT-1/UC-001); changes to existing accounts (Report of Changes form)

Experience Rating Unit: 602-771-6603
Fax: 602-532-5564
uit.experience@azdes.gov
 Determination of Unemployment Tax Rate for Calendar Year (Form UC-603) and Benefit Charge Notice (Form UC-602)

Collections Unit: 602-771-6604
Fax: 602-532-5536
uit.collections@azdes.gov
 Past due payments; payment scheduling; lien or levy information

Field Audit Offices Phone Number Fax Number

Phoenix Central:	602-771-6605	602-532-5541
Mesa:	480-345-1573	480-345-8783
Tucson:	520-628-6820	520-628-6826
Lake Havasu:	928-855-5178	928-855-7564
Prescott Valley:	928-277-2810	928-277-2704
Show Low:	928-532-4377	928-532-4359
Sierra Vista:	520-458-7166	520-452-9028
Flagstaff:	928-214-2577	928-214-2578

Equal Opportunity Employer/Program ♦ Auxiliary aids and services are available upon request to individuals with disabilities. ♦ Under the Americans with Disabilities Act (ADA), the Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. This document is available in alternative formats by contacting the UI Tax Office.